

PRELIMINARY AND UNAUDITED
Quarterly Financial Report
4th QUARTER

Twelve months ended
February 28, 2010



Manitoba
Public Insurance



PREAMBLE

These interim financial statements for the fourth quarter ended February 28, 2010, are preliminary and unaudited. The interim financial statements are subject to change following review by management, external actuaries, and auditors. These unaudited interim financial statements should be read in conjunction with the annual audited financial statements and supporting notes included in the corporation's 2008 Annual Report.

**STATEMENT OF OPERATIONS
(UNAUDITED)**

	Three months ended February 28,		Twelve months ended February 28,	
	2010	2009	2010	2009
	(in thousands of dollars)		(in thousands of dollars)	
	RESTATED		RESTATED	
Premiums written	<u>\$ 208,995</u>	<u>\$ 201,057</u>	<u>\$ 906,229</u>	<u>\$ 885,682</u>
Total earned revenues	<u>\$ 230,133</u>	<u>\$ 223,480</u>	<u>\$ 935,281</u>	<u>\$ 906,462</u>
Claims costs	125,647	143,135	736,514	723,430
Expenses	<u>62,787</u>	<u>55,524</u>	<u>208,105</u>	<u>154,219</u>
Total claims and expenses	<u>188,434</u>	<u>198,659</u>	<u>944,619</u>	<u>917,649</u>
Underwriting income (loss)	41,699	24,821	(9,338)	(11,187)
Investment income (loss)	<u>13,104</u>	<u>(27,878)</u>	<u>96,282</u>	<u>4,632</u>
Net income (loss) from operations	54,803	(3,057)	86,944	(6,555)
Surplus distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>54</u>
Net income (loss) after surplus distribution	<u>\$ 54,803</u>	<u>\$ (3,057)</u>	<u>\$ 86,944</u>	<u>\$ (6,501)</u>

**BALANCE SHEET
(UNAUDITED)**

	February 28, 2010	February 28, 2009
	(in thousands of dollars)	
		RESTATED
Assets		
Cash and investments	\$ 2,206,451	\$ 2,021,677
Accounts receivable	289,711	276,530
Other assets	295,389	135,930
	<u>\$ 2,791,551</u>	<u>\$ 2,434,137</u>
Liabilities		
Unearned premiums	\$ 449,554	\$ 441,568
Provision for unpaid claims	1,628,528	1,561,436
Provision for employee current and future benefits	242,500	221,658
Other liabilities	72,868	55,961
	<u>2,393,450</u>	<u>2,280,663</u>
Retained Earnings		
Basic insurance retained earnings		
Rate stabilization reserve	224,709	134,915
Immobilizer incentive fund	0	2,021
	<u>224,709</u>	<u>136,936</u>
Competitive lines retained earnings		
Retained earnings	85,389	92,918
Extension development fund	48,279	41,579
	<u>133,668</u>	<u>134,497</u>
	<u>358,377</u>	<u>271,433</u>
Accumulated Other Comprehensive Income (Loss)	<u>39,724</u>	<u>(117,959)</u>
	<u>\$ 2,791,551</u>	<u>\$ 2,434,137</u>

STATEMENT OF RETAINED EARNINGS
(UNAUDITED)

	Three months ended February 28,		Twelve months ended February 28,	
	2010	2009	2010	2009
	(in thousands of dollars)		(in thousands of dollars)	
Basic Insurance				
		RESTATED		RESTATED
<i>Rate Stabilization Reserve</i>				
Balance beginning of period	\$ 151,724	\$ 131,936	\$ 134,915	\$ 127,122
Net income (loss) after surplus distribution	72,985	(2,110)	87,773	(8,111)
Transfer from Immobilizer Incentive Fund	0	5,089	2,021	15,904
Balance end of period	224,709	134,915	224,709	134,915
<i>Immobilizer Incentive Fund</i>				
Balance beginning of period	0	7,110	2,021	17,925
Transfer to Rate Stabilization Reserve	0	(5,089)	(2,021)	(15,904)
Balance end of period	0	2,021	0	2,021
Balance Basic Insurance Retained Earnings end of period	224,709	136,936	224,709	136,936
Competitive Lines				
Balance beginning of period	94,118	86,892	92,918	103,739
Net income (loss) from operations	(18,182)	(947)	(829)	1,610
Transfer from (to) Extension Development Fund	9,453	6,973	(6,700)	(12,431)
Balance end of period	85,389	92,918	85,389	92,918
<i>Extension Development Fund</i>				
Balance beginning of period	57,732	48,552	41,579	29,148
Transfer from (to) Competitive Lines Retained Earnings	(9,453)	(6,973)	6,700	12,431
Balance end of period	48,279	41,579	48,279	41,579
Balance Competitive Lines Retained Earnings end of period	133,668	134,497	133,668	134,497
Balance Retained Earnings end of period	\$ 358,377	\$ 271,433	\$ 358,377	\$ 271,433

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three months ended February 28,		Twelve months ended February 28,	
	2010	2009	2010	2009
	(in thousands of dollars)		(in thousands of dollars)	
	RESTATED		RESTATED	
Net income (loss) after surplus distribution	\$ 54,803	\$ (3,057)	\$ 86,944	\$ (6,501)
Other Comprehensive Income (Loss)				
Unrealized gains (losses) on available for sale assets	9,803	(25,838)	155,344	(192,556)
Reclassification to income from available for sale assets	(426)	40,809	2,339	51,429
Other Comprehensive Income (Loss) for the period	9,377	14,971	157,683	(141,127)
Total Comprehensive Income (Loss) for the period	\$ 64,180	\$ 11,914	\$ 244,627	\$ (147,628)

STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

Balance beginning of period	\$ 30,347	\$ (132,930)	\$ (117,959)	\$ 23,168
Other Comprehensive Income (Loss) for the period	9,377	14,971	157,683	(141,127)
Balance end of period	\$ 39,724	\$ (117,959)	\$ 39,724	\$ (117,959)

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three months ended February 28,		Twelve months ended February 28,	
	2010	2009	2010	2009
	(in thousands of dollars)		(in thousands of dollars)	
	RESTATED		RESTATED	
CASH FLOWS FROM (TO)				
OPERATING ACTIVITIES				
Net income (loss) after surplus distribution	\$ 54,803	\$ (3,057)	\$ 86,944	\$ (6,501)
Non-cash items	2,884	44,239	(4,163)	60,044
	57,687	41,182	82,781	53,543
Net change in non-cash balances	(20,385)	(9,469)	50,764	(2,299)
	37,302	31,713	133,545	51,244
CASH FLOWS FROM (TO)				
INVESTING ACTIVITIES	(35,861)	56,660	(311,479)	88,801
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	1,441	88,373	(177,934)	140,045
Cash and short-term investments beginning of period	91,447	182,449	270,822	130,777
CASH AND SHORT-TERM INVESTMENTS END OF PERIOD	\$ 92,888	\$ 270,822	\$ 92,888	\$ 270,822

Notes to Financial Statements

- 1 Certain of the comparative figures have been reclassified to conform with the current period financial statement presentation.
- 2 These interim financial statements:
 - should be read in conjunction with the corporation's 2008 Annual Report including the financial statements and supporting notes.
 - have been prepared following the same accounting policies that are disclosed in the corporation's 2008 Annual Report except as noted below.
- 3 The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as Personal Injury Protection Plan and public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends, and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

- 4 Effective for fiscal years beginning on or after October 1, 2008 the Accounting Standards Board (AcSB) issued new CICA Handbook Section 3064 "Goodwill and Intangible Assets" which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs", and made amendments to Section 1000, "Financial Statement Concepts". The new Section 3064 and amendments to Section 1000 are effective for MPI's 2009/10 fiscal year.

The Transitional Provisions of Section 3064 require that intangible assets recognized prior to the fiscal year beginning on or after October 1, 2008 that do not meet the new recognition or measurement criteria are to be accounted for in accordance with Section 1506, Accounting Changes, which includes retroactive application resulting in a restatement of previously reported balances for the fiscal year ended February 28, 2009.

The Extension Development Fund was decreased by \$6,241,000 to \$29,148,000 as at February 29, 2008 and by \$11,605,000 to \$41,579,000 as at February 28, 2009. Net income after surplus distribution was restated from \$5,104,000 to a net loss of \$6,501,000 for the year ended February 28, 2009. Deferred Development Costs were decreased by \$17,846,000 to \$15,761,000 as at February 28, 2009.